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Annual Report 1973

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1973 Annual Report

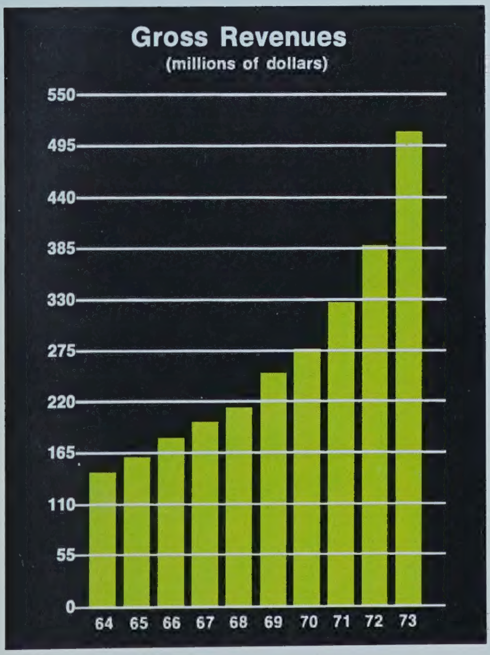
Murphy Oil Corporation

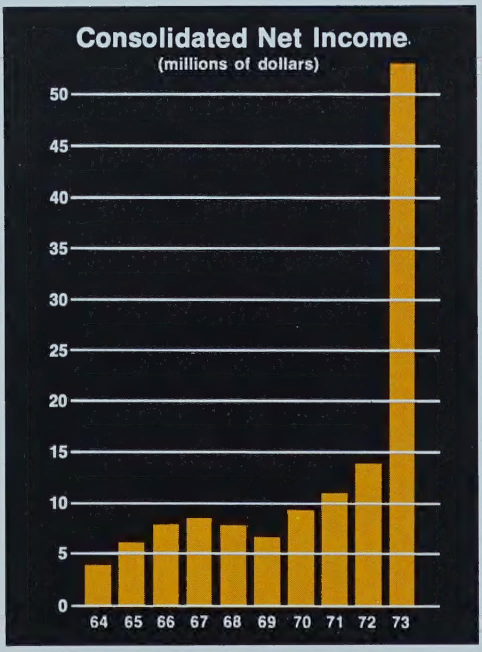
200 North Jefferson
El Dorado, Arkansas 71730

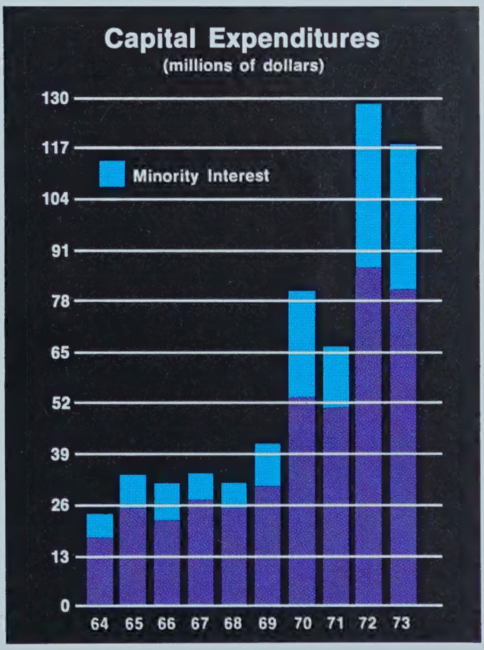
Cover: John L. Solomon, Vice President; Carl O. Johnson, Manager — Little Rock River Terminal; John F. Crowley, Operations Manager

1973 Highlights

	1973	1972
FINANCIAL		
Revenues	$511,007,000	386,909,000
Net income	53,538,000	14,278,000
Per Common share assuming full dilution	8.58	2.35
Dividends paid:		
Preferred and Preference Stock	145,000	1,062,000
Common Stock	3,660,000	3,213,000
Common Stock dividends per share	0.63	0.60
Capital expenditures	117,985,000	128,202,000
Working capital provided by operations	115,957,000	59,324,000
Depreciation and depletion	31,533,000	25,762,000
Working capital	98,989,000	67,424,000
Long-term debt	186,519,000	157,585,000
Total assets	703,859,000	567,847,000
Stockholders' equity	240,196,000	187,524,000
STOCKHOLDERS AND EMPLOYEES		
Common stockholders—end of year	4,548	4,833
Common and Common equivalent shares—average outstanding	5,813,175	5,385,879
Employees—end of year	2,989	2,992
Salaries, wages and benefits	$ 36,924,000	35,874,000







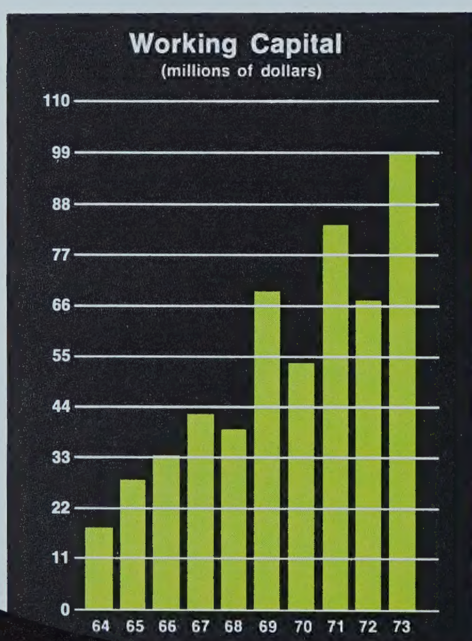
Chairman's Letter to the Stockholders

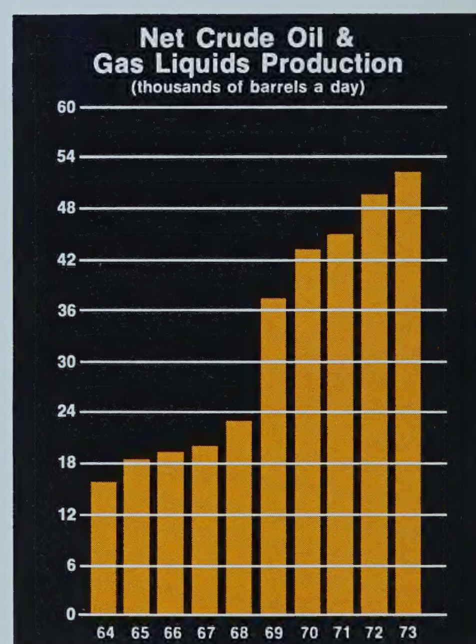
Twenty years hence, 1973 will be looked back upon as a watershed year in the world petroleum industry. Finite nature of its natural resource was at last generally perceived. Producing country governments were able to exact ever-rising export prices for crude oil, and the unfortunate tendency of governments (including our own) to interfere with the normal flow of oil and gas for social and political purposes reached a climax with the Arab embargo. This abruptly hastened advent of the inevitable transition from abundant to scarce conditions in energy supply. In consequence, the real price of petroleum at last broke out of the narrow range within which it has been imprisoned for twenty years.

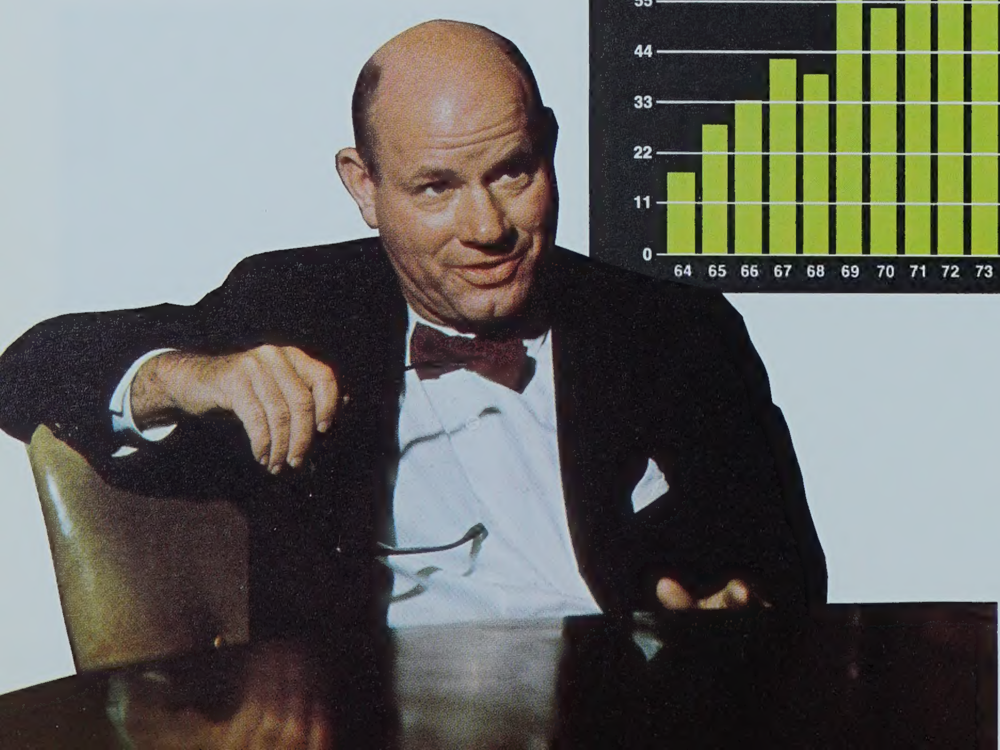
Murphy Oil Corporation's earnings more than tripled under these circumstances. To assume a defensive posture for such an increase would be ludicrous. In anticipation of these very events, during the past five years we have spent over $450 million in searching for and developing oil fields, providing transportation and distribution facilities, increasing our refining capacity and efficiency and in building one of the world's largest fleets of offshore drilling barges. This investment equaled our capital expenditure total for the entire post-World War II period up to 1968. Our shareholders have patiently acquiesced in the retention of most earnings for plowback into the business, sale of additional capital stock, subjection of shareholders' equity to prior claims of lenders who furnished additional funds required and in the depression on earnings that interest during construction and start-up costs of large new facilities always exert.

At year-end 1973, total capital employed was about equally divided between the United States and other countries. Yet 71 percent of our net income was earned abroad. At home, though the trend is encouraging, the return in 1973 on total capital was only 8 percent, scarcely more than the yield on good bonds and less than well-run banks earn on their capital funds. Return on capital in our foreign operations leaped to 25 percent. Thus worldwide results at last averaged a respectable 16 percent.

Looking ahead, through the welter of change, we think our business outside the USA can prosper, though not likely to the extraordinary extent it did in 1973. As an American company operating multinationally, this is vital. Within other countries, we have obligations of the same nature as at home—to meet the needs of customers for petroleum products, to provide rewarding employment opportunities, to pay taxes on income there, where earned.







But our foreign operations are also essential to health of Murphy's business in the United States. For try though we will at home, it will be necessary for a long time to import crude oil from Canada and overseas.

Since the high return on foreign investments must be expected to subside, it is essential that our profits in the United States improve to keep overall results at a level that will attract capital. For, just as our actions over the past five years were initiated because we thought we could see the present need from our vantage point, so today we are doing things we think will provide for future needs. We estimate that in 1974 alone capital expenditures of $172,000,000 will be required. This exceeds by a wide margin the total of net income and noncash charges, such as depreciation and depletion, in 1973.

Our ability to carry on this program may seem in question if the present mood of Congress and the public, confused and resentful because of shortages and high prices, culminates in action that would make it difficult to retain present capital and attract new funds to the business. We do not think this will happen. Ours is a stable political system. Though the present atmosphere is unfavorable, Congress and the public are likely to stop, look and listen before acting to slow development of oil and gas when speeding that development is so plainly necessary.

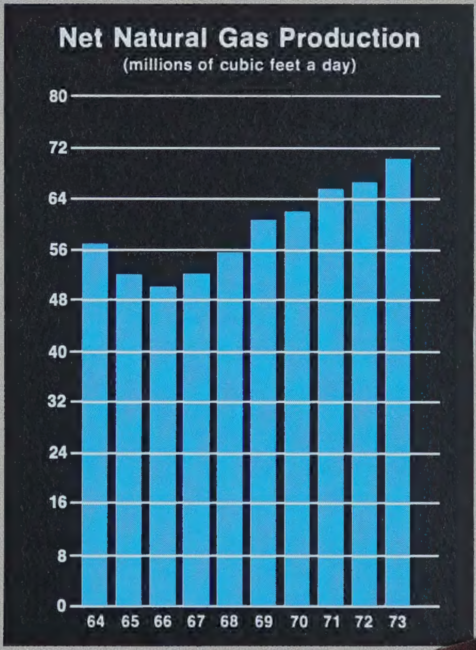
C H Murphy Jr

Chairman of the Board
March 6, 1974

President's Review of Operations

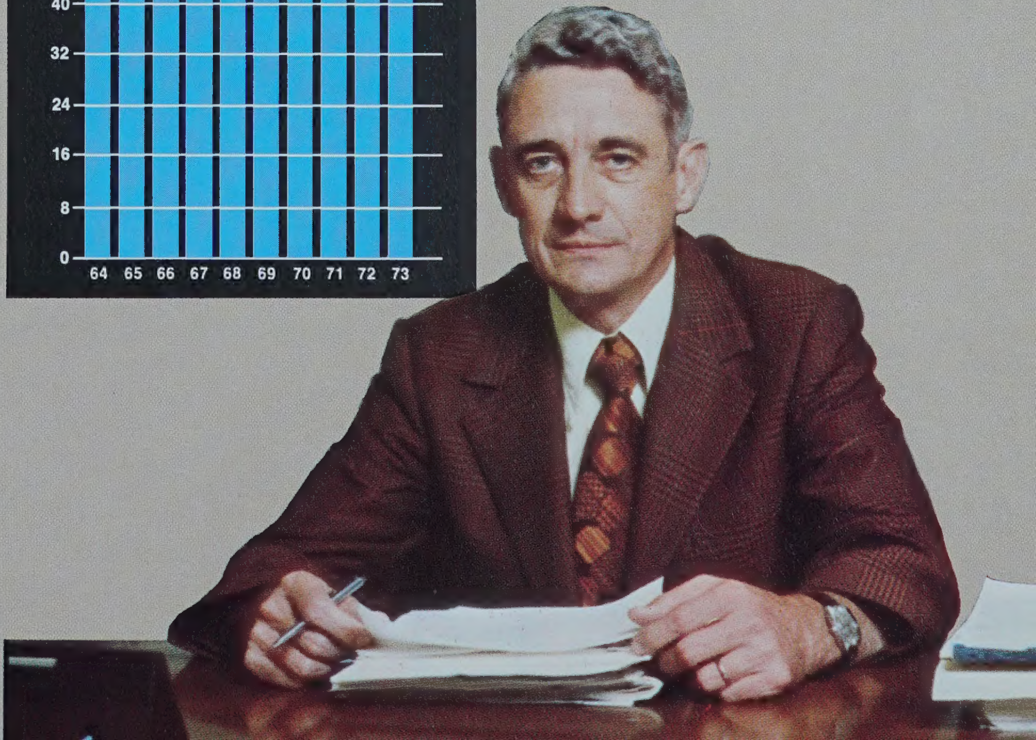
The conditions in the world petroleum industry described by the Chairman made "change" the key word in operations during 1973. Governments reacted to these conditions by changing the rules of the game with amazing rapidity. Producing countries not only raised the tax-paid cost of crude oil but succeeded in materially eroding the contractural rights of their concessionaires. Consuming country governments attempted to deal with the situation, apparently by the trial and error method. Price freezes, price controls, margin freezes, allocations and export restrictions in bewildering combinations were and are the order of the day.

In this environment, strategies and tactics developed under one day's rules became risky under the next day's. Financial results adequately attest to the ability of our people to cope with the problem to date. I have confidence they will continue to do so in the future.



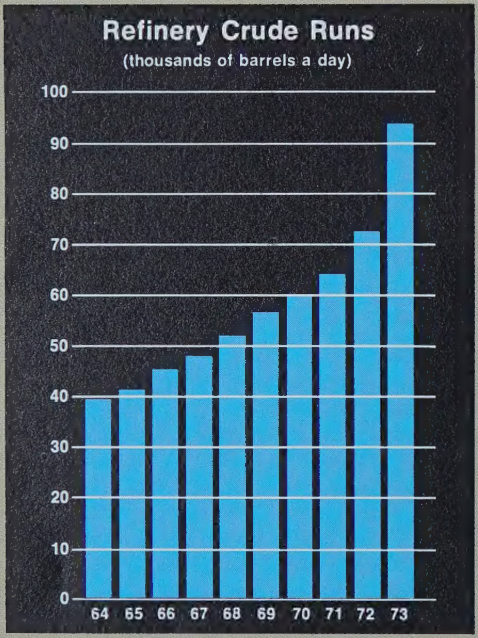
While these conditions are unnerving, I am not so sure that they are all bad. Our company may be of an ideal size to deal with these problems. Our assets are deployed in several governmental subdivisions, insuring some supply flexibility yet we are small enough to quickly implement new decisions. Time will tell if we have an advantage as we compare our performance with that of the competition.

Operating statistical comparisons for the year 1973 and prior years should be evaluated in conjunction with our present program of bringing production, refining and marketing into closer volumetric balance. We are emphasizing exploration and producing property acquisitions while eliminating marginally profitable markets. Fortunately, this latter part of the program was well advanced before governmental rules inhibited such action. Our exploration and acquisition program has succeeded in replacing the pro-



duction we use up each year, but we have been unsuccessful in adding significant increments to our reserves since late in 1968 when the Sassan Field in Iran came on stream.

A well spudded on Block 3/3 in the United Kingdom portion of the North Sea may be the discovery for our next sizable production increase. At this writing, significant indications of oil have been encountered in our well and in a well operated by British Petroleum on Block 3/8, which is thought to be on the same structure. A discovery in Gabon completed at year-end, while not of the same potential as 3/3, could in combination with our earlier discovery be significant. On the



debit side, disappointing dry holes were drilled during the year in northeast Louisiana, Tunisia, Colombia and on Block 15/12 in the British North Sea.

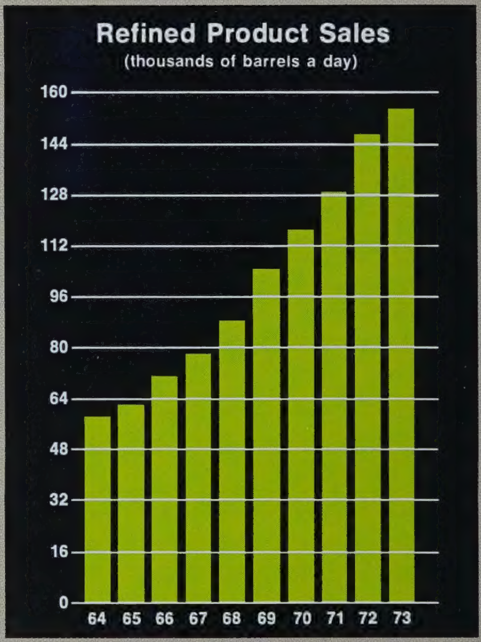
We have other important prospects in the North Sea, offshore Eastern Canada, central Arkansas and south Louisiana which we hope to evaluate by drilling in 1974. All of these have the potential we are looking for. Concurrently, we have a "bread and butter" exploration program in operation designed to replace our annual depletion. Since Murphy expenses the cost of unsuccessful exploration ventures as incurred, our emphasis on exploration will be a depressant on earnings unless we are extraordinarily lucky.

Furthering our acquisition program, Murphy Oil Company Ltd. acquired the hydrocarbon-related assets of Bracell Petroleums Limited and Celanese Canada Limited. These Canadian properties, acquired at a cost of $23.5 million, added 2,500 barrels of oil per day and 6 million cubic feet of gas per day to our producing rate.

During 1973, we continued to exploit what we consider to be a commanding position in the offshore drilling industry. Five units were added to the fleet during the year, and we will continue to be aggressive in our expansion program during 1974 and 1975.

In our farm and timber business, 1973 could be characterized as a wet year. Our farm production was excellent considering the moisture in the ground during both the planting and harvest periods. Our sawmill at Ola, Arkansas operated at record levels, and at year-end our new mill at Waldo, Arkansas was going through the pains of start-up. We continue to acquire farm and timber lands as the opportunity arises, and added 4,000 acres to our holdings during the year.

I am sure I speak for all our employees when I say that while 1973 was hectic, it was also both fun and profitable. We look forward to 1974 with enthusiasm.



Operating Review

MURPHY
OIL CORPORATION
and Consolidated Subsidiaries

1973 Operations Reflect the Modern World's Transition from Abundance to Scarcity in Energy Supply and Its First Real Recognition of the Vital Role of the Oil Industry in Closing the Energy Gap.

Murphy Oil Corporation • United States and South America

	1973	1972
Revenues	$244,155,000	202,096,000
Capital employed	128,986,000	136,485,000
Net income	21,259,000	928,000
Daily volumes—barrels:		
Product sales	96,884	89,256
Refinery runs	93,561	72,281
Crude oil produced	11,857	11,676
Natural gas produced (MCF)	34,243	32,350
Employees	623	805

In addition to activities associated with its role as a "parent company," Murphy Oil Corporation conducts exploration and production operations in the United States and South America and refines crude oil and markets petroleum products in the United States.

Charles J. Hoke, Vice President; Charles W. Butler Jr., General Manager – Production and Exploration

In the midst of product shortages, mandatory allocations, price controls and associated increased record-keeping and reporting costs but buoyed by added refining capacity, some of the best price levels ever and a lean and responsive management, operations in the United States made the best returns ever. These results were attained after absorbing unusually high exploration costs inland, offshore and in South America.

Exploration and Production

Inland tests drilled in the Jurassic trend of southern Alabama, Mississippi and Louisiana, in Miocene and Oligocene prospects in southern Louisiana and a Nisku well drilled in northeast Montana were all dry. Offshore, a gas field was discovered on Block 249, South Marsh Island, Louisiana and four extension wells have been completed. Also, gas discoveries were made on two of the four lease blocks in which Murphy acquired an interest at the June 1973 offshore Texas lease sale. Further exploration and delineation drilling will be done. Two important exploration wells were in progress at year-end; a Smackover test under the Company's Delhi unit, north Louisiana, was dry in 1974 and the other, sited on the Casa Anticline, hard rock country of central Arkansas, was slowly progressing.

In South America, the Company earned a 25-percent interest in 1.6 million acres in Western Colombia by participating in an exploratory well. The well was dry and additional geological and seismic work will be required in the area. No exploration activities were conducted in Venezuela in 1973.

Development drilling during the year resulted in two oil wells in the Chalybeat Springs Field, Arkansas; two in the Big and Little Escambia Creek Fields, Alabama; and one in

Paul C. Bilger, Vice President; Herbert A. Fox Jr., Manager – Crude Supply and Transportation

Clinton E. Dyess, Refinery Manager – Meraux, Louisiana

the Whistle Creek Field, northwest Wyoming. One gas well was completed in the South Sarepta area, Louisiana. Two other gas completions were made in north Arkansas on wells of small interest.

Offshore development drilling centered in the Ship Shoal and South Marsh Island areas, Louisiana, where nine wells were drilled resulting in four oil wells, two oil and gas wells, one gas well and two dry holes. Two other wells were successful completions, one an oil well in East High Island area of Texas and the other a gas well in the South Pelto area of Louisiana.

Late in 1973, Murphy joined another company in applying an advanced method to recover oil left in reservoirs on completion of conventional operations. This west Texas project shows considerable promise of recovering significant additional reserves at low cost. Work on the required facilities has started.

Crude oil and gas liquids production inland, offshore and in Venezuela averaged 11,900 barrels a day, essentially the same as the 1972 average of 11,700 barrels a day. Production of natural gas averaged 34.2 million cubic feet a day, up from 32.4 million. Successful drilling and well workovers offset declines.

Refining

During 1972, Murphy undertook one of the few refinery expansion programs in the United States and this additional capacity served well when long-threatened shortages became real about mid-year and refinery throughput allocations were invoked near year-end.

Through the latter part of the year, refinery runs were severely restricted by Arab cutbacks and the embargo and by a steady reduction in Canadian exports. Because of these restraints, it was not possible to operate the Meraux refinery at its new 92,500-barrel-a-day capacity and runs at the Superior, Wisconsin refinery were below normal with further reductions likely.

Refinery modernization and expansion continued. At Meraux, an alternate system was installed permitting the use of fuel oil for plant fuel and construction of a 30-ton-a-day sulfur recovery plant, to be finished in late 1974, was started. At Superior, a 15-ton-a-day sulfur plant came on stream and a revamping of the crude distillation section to increase octanes was started for completion by mid-1974.

At year-end, a $60 million project was announced for the Meraux refinery which will permit processing of significantly higher volumes of sour crude oil. Its design and construction will take about three years.

For the year 1973, crude oil processed for Murphy's account in its two refineries averaged 93,600 barrels a day, an increase of 21,300 barrels a day over 1972. In addition, during November and December, 823,500 barrels were processed for another company.

Marketing

Extremely heavy demand for all petroleum products, first apparent in late 1972, continued during 1973 but volumes were held down because

of serious product shortages. The absence of previously all too common price cutting and consequent price improvement at all levels of distribution raised marketing operating results above those of any previous year. Operational and organizational changes instituted in 1972 provided the flexibility and dexterity required to deal with such a fluid market.

More marginal service stations and bulk plants were closed making a total of approximately 300 service stations and 32 bulk plants closed since the program was started in 1972.

The ten remaining bulk plants are all oriented to retail fuel oil sales. Self-service outlets, some including convenience stores, were expanded and a number of conventional service stations were remodeled or rebuilt.

United States sales of refined products increased 8.5 percent to average 96,900 barrels a day, compared with 89,300 barrels a day in 1972. Most of the increase was in fuel oil sold to utilities, new industrial customers and homeowners.

David S. Thomas, Refinery Manager – Superior, Wisconsin

O. Paul Doyle, Vice President; Ralph L. Reynolds, Projects Manager

Edward J. Redlin, Retail Sales Manager; Jack W. Brewer, Sales Manager

Murphy Oil Company Ltd.

	1973	1972
Revenues	$64,187,000	49,762,000
Capital employed	72,297,000	46,517,000
Net income (including minority interest)	8,396,000	5,806,000
Daily volumes—barrels:		
Product sales	20,589	20,823
Crude oil processed	18,112	19,865
Crude oil produced	7,879	6,172
Natural gas produced (MCF)	13,784	11,162
Employees	277	279

Murphy Oil Company Ltd., 77 percent owned, is headquartered in Calgary, Alberta, Canada. It conducts production and exploration operations mainly in the western provinces and Arctic islands and markets petroleum products in Ontario and Quebec.

Despite crude oil export restrictions and frozen wellhead prices, product supply difficulties and pricing uncertainties all due to Middle East reduction of crude produced and the related embargo, Murphy's Canadian operations produced the highest earnings in history, the seventh consecutive year of increase.

Exploration and Production

From the standpoint of exploration and development drilling, land acquisition and geophysical work, 1973 was the most active in the Company's history. These activities ranged from seismic surveys and drilling programs in southern Saskatchewan and Alberta, through the heavy oil areas of these provinces to land acquired and drilling carried on in central and northern Alberta, British Columbia, Yukon and Northwest Territories. No further exploration was done on the Company's east coast holdings.

In July 1973, the purchase of Bracell Petroleums Limited, a Canadian production company, and all of the oil and gas properties of Celanese Canada Limited was completed. In addition to crude oil production of about 2,500 barrels a day and 6 million cubic feet a day of natural gas, this acquisition materially increased the inventory of prospective undeveloped acreage.

Murphy directly participated in the drilling of 95 wells during the year–26 were exploratory and 69 development. By far the greatest drilling concentration was in the heavy oil area which accounted for 69 well locations. This program resulted in 48 oil completions, three gas wells and 18 dry holes. The prolific Grand Forks area of southern Alberta accounted for an additional five wells as did the Cessford area in generally the same region.

B. Harold Monzingo, President

R. G. Farquharson, Vice President

W. H. Waddell, Vice President; Jean Laughlin, secretary

N. DiTomaso, Vice President

As noted above, the Company has an interest in leases covering substantial reserves of heavy oil in the Lloydminster and Cold Lake areas and in bitumen deposits at Athabasca. No little effort is being expended to increase reserves recoverable and to develop economic bitumen. At Athabasca, because of engineering study conclusions, approval is pending on an application for the construction of a 122,000-barrel-a-day bitumen processing plant estimated to cost $1 billion and be in operation in 1982. Murphy has a 10.5-percent interest in the project.

Net production of crude oil and gas liquids averaged 7,900 barrels a day, up from 6,200 barrels a day in 1972. Natural gas production averaged 13.8 million cubic feet a day versus 11.2 million.

Crude Supply and Transportation

Murphy's own crude oil plus purchases for export to the Company refinery at Superior, Wisconsin averaged 36,800 barrels a day, compared with 32,500 barrels a day in 1972. Crude shortfalls for custom refining in Montreal, due to Arab cutbacks and the embargo, were partially offset by shipments of Western Canadian crude via Vancouver, the Panama Canal and Maine's Portland Pipeline. Early in the year, the Wascana Pipeline System from Regina, Saskatchewan to Poplar, Montana started operation without incident. However, its throughput was below expectations because of Canadian export limitations.

Marketing

While 1973 began with product prices trending upward, there were anomalies in the first half of the year and price sensitive locations continued to exist in Ontario west of the Ottawa Valley at year-end. Problems in the supply and cost of finished products, suspected at the beginning of the year, developed. Accordingly, customer accounts were upgraded and aggressive "new business" and service station development programs were curtailed. Marketing outlets were reduced, compared with 1972.

Petroleum product sales averaged 20,600 barrels a day for 1973, compared with 20,800. All of the reduction was in distillate volume.

J. A. Gould, Treasurer

Murphy Eastern Oil Company

	1973	1972
Revenues	$115,584,000	65,204,000
Capital employed	72,735,000	40,985,000
Net income	31,121,000	6,169,000
Daily volumes—barrels:		
Product sales	36,800	36,519
Crude oil processed	37,313	33,254
Crude oil produced	24,829	23,233
Employees	169	223

Murphy Eastern Oil Company, 100 percent owned, headquartered in London, England, carries on an integrated petroleum business in Europe, Africa and in the Middle East.

For Murphy Eastern Oil Company, it was a year of spectacular earnings due to an unprecedented rise in refined product prices in Europe far outstripping concurrent increases in crude oil costs and transportation rates. These factors overwhelmingly dominated an otherwise more normal year in exploration and production.

Exploration and Production

In continuance of its programs of active exploration on permits owned and aggressive pursuit of other promising concessions, Murphy participated in six Eastern Hemisphere exploratory wells, one stepout test and one development well during 1973. Unsuccessful wells were drilled on land in the Yorkshire area of the United Kingdom; in Block 15/12 north of the Piper Field in the North Sea; in the Gulf of Tunis; offshore Gabon, West Africa; and in Libya. A successful stepout to the Amethyst Gas Field discovery well was completed in North Sea Block 47/14A. Additional delineation drilling will be done here in 1974.

At year-end, the first of a four-well development program was being completed in the Sassan Field in the Persian Gulf and drilling was proceeding in Block 3/3 in the North Sea, some four miles north of the recently discovered Ninian Field. Encouraging hydrocarbon shows had been encountered in this well, in which ODECO also has an interest, early in 1974.

In Gabon, West Africa, production facilities were being installed at the Doree Field discovered in 1972. Initial production is expected by mid-1974. Late in the year, the Bahram Field ("W" structure) in the Persian Gulf, about 60 miles northwest of the Sassan Field, was determined to be commercial. Net

Jack W. McNutt, President; James N. Copeland, Solicitor - Secretary

Derek Giles, Manager – Supply, Transportation and Refining; Clefton D. Vaughan, Controller; Gerald McAully, Vice President; Glenn M. Fedderson, Vice President

production of about 5,000 barrels a day should come on stream mid-1975.

Other exploration activities involved geophysical surveys in United Kingdom waters in anticipation of licensing opportunities, predominant position in a group awarded exploration rights in Mali and the successful farmout of the Company's interest in New Zealand.

Reservoir maintenance programs were conducted all year at the Sassan Field. Crude oil production averaged 23,000 barrels a day in 1973, compared with 21,000 barrels a day in 1972. In Libya, production averaged 1,800 barrels a day, down from 2,200 barrels a day, an expected rate of decline.

Refining and Marketing

Eastern Hemisphere refined product prices increased rapidly throughout 1973 under the pressure of a threatened shortage of crude oil and a very real shortage of refining capacity. As the year ended, the Arab-producing countries made the threatened shortage a reality by cutting back production. The resulting marginal shortfall in crude oil production, aggravated by destination restrictions imposed by Arab countries and export controls imposed by some European countries, pushed cargo market prices

Lloyd Cockbain, Retail Controller; Michael Chandler, Manager – Retail Sales

for crude oil and refined products to super high levels. The situation was not the same in most European domestic markets or in the United Kingdom. In these markets, refined product selling prices continued to lag behind rising costs due to the imposition of government price controls. Gross margins narrowed because tax increases assessed by the producing governments could not be passed on to the consumer.

For the year, Murphy's refined product sales averaged 36,800 barrels a day, about the same as the 1972 average. Service station sales in the United Kingdom included in the above average were also essentially level at 5,300 barrels a day. Crude processed by a third-party refinery averaged 37,300 barrels a day, compared with 33,300 barrels a day in 1972.

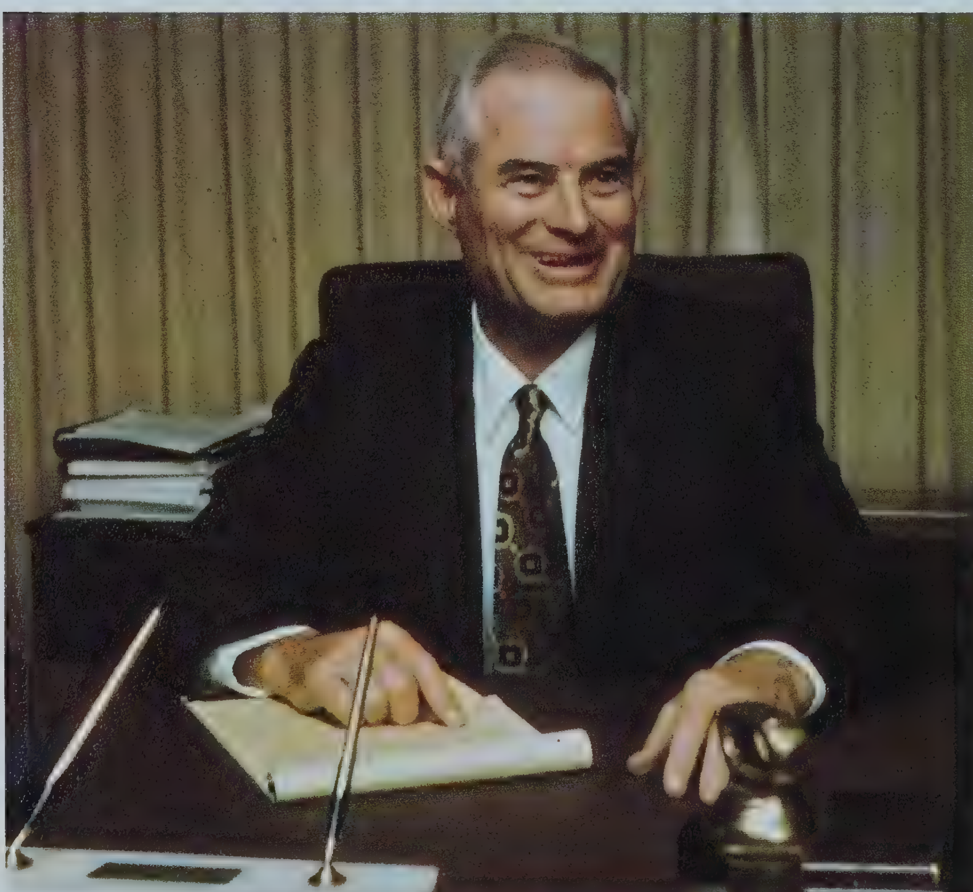
After a seemingly unending series of hearings, environmental inquiries and statements, in March 1973, United Refineries Ltd. was granted a permit for the construction of an 80,000-barrel-a-day refinery on Canvey Island in the Thames River near London. United Refineries is jointly and equally owned by Murphy and the Italian Government-owned company, Ente Nazionale Idrocarburi (ENI). Preparation of detailed plans is in progress.

Ocean Drilling & Exploration Company

	1973	1972
Revenues—Contract drilling and related	$ 69,930,000	52,288,000
Oil and gas and other	18,867,000	17,789,000
Capital employed	228,002,000	193,485,000
Net income (including minority interest)	18,762,000	15,039,000
Total barge days:		
Available	7,095	6,307
Drilled	6,415	5,759
Daily volumes:		
Crude oil—barrels	7,520	8,394
Natural gas—MCF	22,911	22,647
Employees	1,476	1,273

Ocean Drilling & Exploration Company (ODECO), 51 percent owned, is headquartered in New Orleans, Louisiana. It conducts exploration and production operations and owns and operates one of the world's largest fleets of offshore drilling barges.

Under the influence of a steadily rising worldwide demand for offshore drilling barges, additions to the drilling barge fleet and higher crude oil and natural gas prices and gas production, ODECO's net income set a new high for the eleventh consecutive year. In bringing about these results, the Company either overcame or successfully coped with material shortages, higher operating costs, delivery and construction delays and sundry uncertainties.



Alden J. Laborde, President

Contract Drilling

Four new drilling barges joined ODECO's fleet during the year. The Ocean Rover, a self-propelled semisubmersible, was completed in the United States, crossed the Atlantic to the North Sea and went to work without incident. The Ocean Kokuei, another self-propelled semisubmersible, was accepted in Japan, completed a 15,000-mile voyage around Africa to also join the North Sea fleet. A new jackup, the Ocean King, was completed by a domestic shipyard and went on location in the Gulf of Mexico. Lastly, a third self-propelled semisubmersible, the Ocean Voyager, built in Norway, went to work in the North Sea. This made the seventh ODECO barge in service there. A fifth barge, the Ocean 66—a jackup, purchased in 1972—was re-outfitted and put to work in the Gulf of Mexico.

The year ended with three drilling units under construction. The Ocean Scout, a scaled down version of the self-propelled semisubmersible but without the propulsion, should be completed in the United States for service in the Gulf of Mexico early

in 1974. A self-propelled semi-submersible, the Ocean Endeavor, under construction in Australia, is scheduled for early 1975. The latest unit ordered, the Ocean Ranger, is the first of a new class of ODECO designed drilling vessels capable of operating in any known environments at water depths up to 3,000 feet. This unit should be operational late in 1975.

Exploration and Production

At the Federal offshore Texas lease sale in June 1973, ODECO and its 51-percent-owned subsidiary were members of a group which acquired Block A 370, High Island area, East Addition. Subsequent to the sale, the same group acquired an interest in three other blocks: A 535, High Island, South Addition; A 327 and A 332, High Island, East Addition.

Exploration drilling during 1973 was quite successful. The Company participated in seven new productive zone discoveries in five tests in the Gulf of Mexico and in one new oil discovery offshore Gabon, West Africa. Of the seven gulf discoveries, three were gas and two were oil and gas.

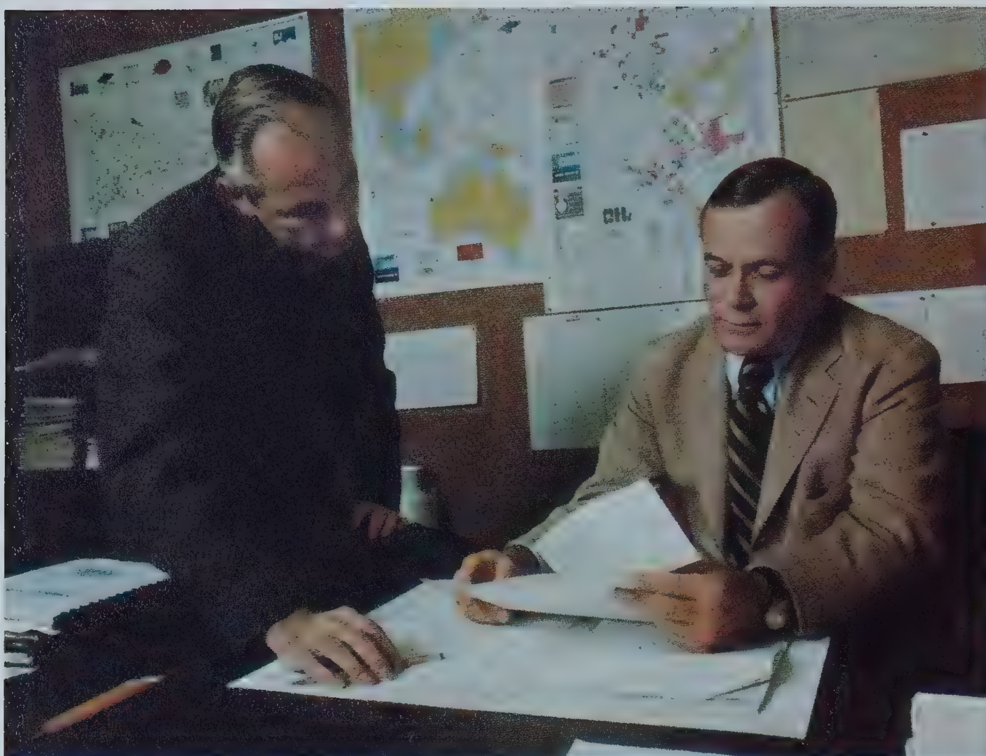
Development drilling continued in established fields in Block 113, Ship Shoal and Block 20, South Pelto. Development drilling was completed and the first gas was delivered from the Block 223-224, Ship Shoal Field. One exploratory well, drilled on Block 223, found two commercial gas sands. A 12-well platform has been ordered for further development.

Outside the United States, the Company's exploration program was quickened by taking farmouts in several areas and by drilling wells to earn acreage under option. Highlights were the Gabon oil discovery and the spudding of a well on Block 3/3 in the United Kingdom waters of the North Sea off Scotland. This well, in which Murphy also has an interest, was still drilling at year-end but promising hydrocarbon shows had been announced. A second well, drilled in the Amethyst Gas Field, tended to confirm its potential. Further drilling is planned for 1974. A group in which ODECO holds an interest drilled a dry hole in the Gulf of Tunis. Further study will be made in this area. In the Gulf of Gabes area, ODECO's interest was increased by picking up an interest dropped by Murphy. Seismic work continued on the inland Tunisia permit.

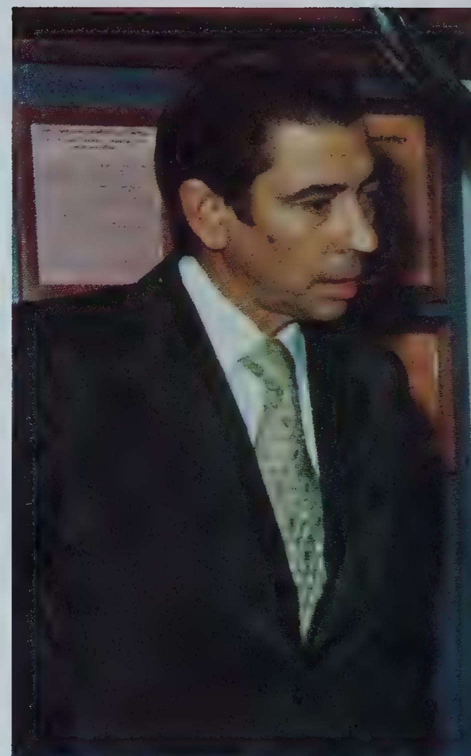
Net daily production for 1973 averaged 7,500 barrels of crude oil and gas liquids and 22.9 million cubic feet of gas, compared with 8,400 barrels of crude oil and gas

Donald E. Moore, Senior Drilling Engineer; Anthony J. Piazza, Mechanical and Electrical Superintendent; James L. Kilpatrick, Senior Vice President; William B. Weaver, Manager — Customer Relations

David E. Ashburn, Assistant Treasurer; Hugh J. Kelly, Senior Vice President and Secretary; Richard E. Roberson Jr., Controller; Odie F. Vaughan, Treasurer



John L. Bell, Manager — Construction and Repair; George H. Troxell Jr., Senior Vice President



Donald F. Kahle, President — Canam Offshore Limited (ODECO subsidiary)

liquids and 22.6 million cubic feet of gas for 1972. Modest increases in crude oil and gas liquids production mostly at Block 20, South Pelto; Block 110, Eugene Island; and Block 222 Field, Ship Shoal did not quite offset declines at Ship Shoal Block 113 where ODECO's interest is 50 percent. Natural gas production remained essentially unchanged principally because of new production at Block 222, Ship Shoal.

ODECO's subsidiary diving company continued to perform deep water bell diving worldwide in support of offshore drilling operations. During the year, the Company's subsea pipeline servicing system was sold.

Russell H. Hedgecock, President — Ocean Contract Services S. A. (ODECO subsidiary)

Deltic Farm & Timber Co., Inc.

	1973	1972
Revenues	$ 9,399,000	8,326,000
Capital employed	17,790,000	12,457,000
Net income	2,871,000	2,424,000
Land owned—acres:		
Timber	189,000	186,000
Farm	22,000	21,000
Lumber produced—board feet	37,791,000	34,458,000
Employees	217	168

Deltic Farm & Timber Co., Inc., 100 percent owned, is engaged in farming, timber and sawmill operations in South Central United States. Its headquarters are in El Dorado, Arkansas.

Jesse G. Ralston, President

Deltic's farming, timber and lumber operations produced the best results ever.

Lower than normal cotton and soybean yields, the result of abnormally heavy rainfall during planting and harvesting, were more than compensated for by record high selling prices. Pine and hardwood sawtimber and pulpwood prices were strong during all of the year which helped to offset the effect of significantly lower volumes due to conservation measures which reduced harvest to growth ratios on owned woodlands.

Lumber production increased about 10 percent and sales volume was up 10 percent. Sales prices were 22 percent higher than in 1972. A new stud mill utilizing smaller stems was put into operation at the Ola, Arkansas sawmill during the year and accounted for some of the production increase. Deltic's second sawmill at Waldo in south Arkansas began start-up in December. This mill should be in full operation early in 1974.

James M. White, Vice President

Roy V. Tomlinson, Vice President

Implementing the Company's on-going program of enlarging its land holdings, sales and purchases during the year resulted in a net increase of about 1,400 acres of farmland and some 2,600 acres of timberland. Sizable timberland acquisitions were made or were being completed in the vicinity of the new Waldo sawmill. At year-end, Deltic owned 22,000 acres of farmland near the Mississippi River in northeast Louisiana and 189,000 acres of timberland mainly in north and south Arkansas and north Louisiana. Deltic also managed 11,000 acres of farmland and 129,000 acres of timberland for other owners.

Financial Review

MURPHY OIL CORPORATION
and Consolidated Subsidiaries

Consolidated Summary of Revenues and Net Income

(Thousands of dollars)

		REVENUES	INCOME BEFORE TAXES ON INCOME	TAXES ON INCOME	EXTRA-ORDINARY ITEMS	MINORITY INTEREST	NET INCOME
United States and South America	1973	$244,155	21,713	454	—	—	21,259
	1972	202,096	3,739	861	(1,950)	—	928
Murphy Oil Company Ltd.		64,187	8,516	120	—	1,900	6,496
		49,762	5,006	101	901	1,204	4,602
Murphy Eastern Oil Company		115,584	48,924	17,803	—	—	31,121
		65,204	16,235	11,291	1,225	—	6,169
Ocean Drilling & Exploration Company		88,797	20,654	3,629	—	7,477	9,548
		70,077	15,756	2,257	—	5,843	7,656
Deltic Farm & Timber Co., Inc.		9,399	3,036	163	—	2	2,871
		8,326	2,614	190	—	—	2,424
Interest and other income		2,614	2,614	—	—	—	2,614
		2,811	2,811	—	—	—	2,811
Intercompany transactions		(13,729)	—	—	—	—	—
		(11,367)	—	—	(204)	(204)	—
Unallocated expense		—	(12,488)*	12,943	5,060	—	(20,371)
		—	(10,001)*	311	—	—	(10,312)
Total	1973	$511,007	92,969	35,112	5,060	9,379	53,538
	1972	386,909	36,160	15,011	(28)	6,843	14,278

* Unallocated expense:	1973	1972
Interest	$ 7,647	7,398
Provision for foreign losses	2,897	600
General and administrative	1,614	1,765
Depreciation and amortization	330	238
	$12,488	10,001

Earnings

Consolidated net income was $53,538,000, equal to $9.18 a Common and Common equivalent share after providing $145,000 for dividends on the Preferred Stock. Included in net income was an extraordinary gain of $5,060,000, equal to $.87 a share arising from utilization of foreign tax credit carry-forward. Fully diluted earnings a share were $8.58. In 1972, consolidated net income was $14,278,000, equal to $2.47 a Common and Common equivalent share. Fully diluted net income a share was $2.35. Included in net income in 1972 was a net extraordinary loss of $28,000, not significant to the earnings-a-share calculation. In 1972, dividends on Preferred and Preference Stock were $990,000. Outstanding Common and Common equivalent shares averaged 5,813,175 in 1973 and 5,385,879 in 1972.

Revenues

Consolidated total revenues were $511,007,000, a new high that topped $400,000,000 by a wide margin for the first time. Revenues increased 32.1 percent over the $386,909,000 1972 total. Sales increased 31.9 percent, from $324,752,000 in 1972 to $428,244,000. Volumes of refined product sales averaged 154,300 barrels a day during the year, up from 146,600. Sales volumes increased 8.5 percent in the United States, decreased in Canada and increased in Europe by small amounts. As the result of overall volume increases and higher

price levels in the United States, Canada and especially in Europe, revenue from petroleum product sales increased 39.6 percent from $270,719,000 to $378,052,000.

Excellent 1973 farm crop and timber prices coupled with increased lumber volume at good price levels offset lower crop yields and resulted in a 12.4-percent increase in agricultural, timber and lumber sales to $8,811,000, compared with $7,836,000 in 1972. Other sales, mostly crude oil and natural gas, were $41,381,000 in 1973, down from $46,197,000 the previous year. This decline, in the face of increased production and better prices, represents better utilization of Murphy's own crude within its integrated system.

Drilling and other operating revenues climbed $18,039,000 to $70,879,000, a 34.1-percent increase on the strength of higher average drilling barge day rates and new barges added to the fleet during the year. Barge days utilized totaled 6,415 in 1973, compared with 5,759 in 1972. Interest and other income was $11,884,000, an increase of 27.6 percent, $2,567,000, over the $9,317,000 earned in 1972. The most significant factors in this sizable increase was in interest earned on larger short-term investments of surplus working capital at rates above those experienced in the previous year and an increase in net income from unconsolidated subsidiaries.

Costs and Deductions

Consolidated costs and deductions were $462,529,000 for the year, compared with $372,603,000 a year earlier. In 1973, costs and deductions were 90.5 percent of total revenues, down from 96.3 in 1972. All of this 5.8-percent decrease and more occurred in costs of crude oil, products and related operating expenses which were 56.3 percent of revenues for 1973, compared with 64.0 percent for the previous year. This reflects a correction in crude oil and product sales margins marking a reversal of the cost price squeeze of previous periods. Drilling barge and other operating expenses increased 31.2 percent, up sharply from $18,666,000 to $24,496,000 due primarily to an enlarged fleet and generally rising labor, material and supply costs. However, as a percent of drilling revenues, these expenses decreased from 36.8 to 36.3.

Exploration expenses, including dry hole costs, were $26,342,000, an increase of $8,705,000 or 49.4 percent over the $17,637,000 expensed in 1972. This increase results from a more intense search for oil and gas reserves in all areas of interest but especially in Southern United States, the North Sea and in South America. As a percent of total revenues, 1973 exploration expenses were 5.2, compared with 4.6 a year earlier.

Ben S. Smith Jr., Vice President

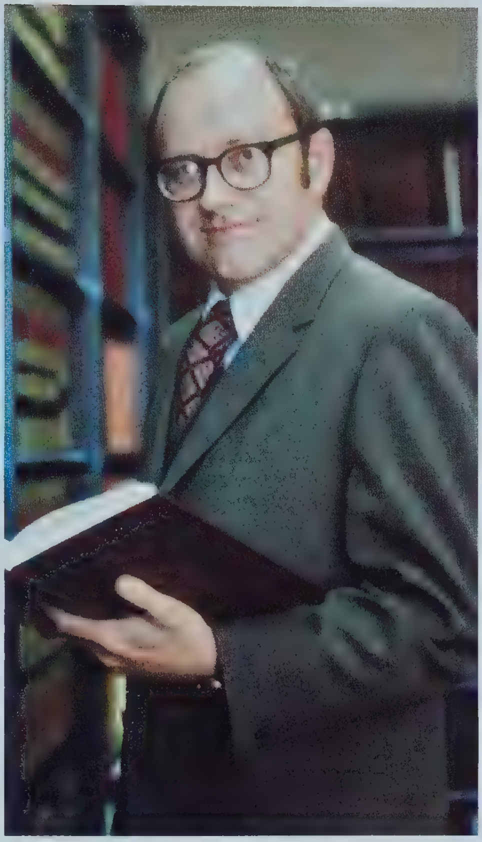
Charles E. Cowger, Vice President; Larry D. Lloyd, Manager – Information Systems

Selling and general expenses were $23,600,000, compared with $24,475,000, reflecting the lack of growth in this facet of the business because of refined product shortage and a continuation of the organizational streamlining begun in 1972. As a percent of total revenues, selling and general expenses declined from 6.3 to 4.6.

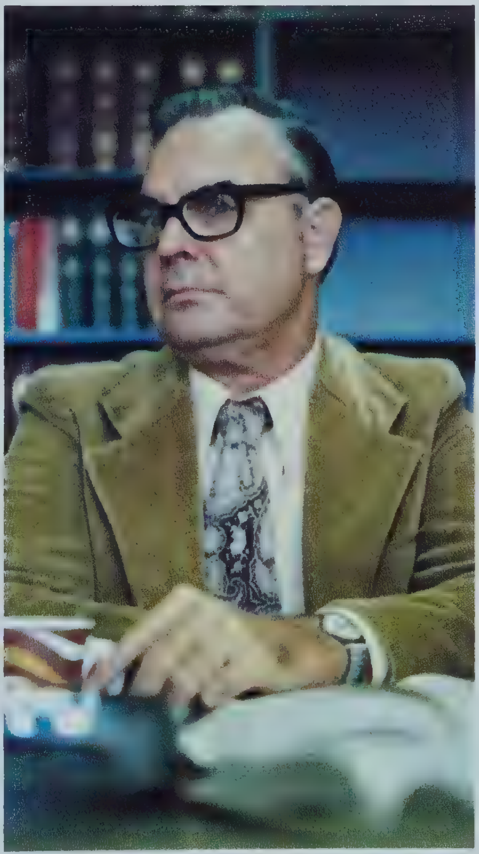
Depreciation and depletion increased 22.4 percent from $25,762,000 to $31,533,000. Part of this increase was due to increased production but most of it came from refinery additions and new drilling barges.

Provision for foreign losses rose $4,233,000 from $600,000 in 1972 to $4,833,000 in 1973. Of this amount, $2,790,000 was provided for expected losses on foreign properties taken over by foreign governments. The remaining $2,043,000 was provided for exchange losses on loans payable in a foreign currency due to devaluation of the United States dollar.

Taxes other than income taxes were $5,700,000, up only slightly from $5,316,000 in 1972. Interest expense was $13,997,000, an increase of $3,233,000 over 1972. Almost all of this increase arose from borrowings made for the purchase of oil and gas properties and to pay for drilling barge construction. Some of the increase in interest expense should be considered as having been partially offset by the significant increase in interest income. The increase in Federal and state income taxes from $1,778,000 to $15,615,000 is due to increased earnings particularly in the area of foreign source income not subject to foreign taxes. As a consequence, allowable 1973 foreign tax credits were determined by using the "overall" limitation rather than the "per-country" limitation used in prior years. Foreign income taxes were $19,497,000, up from $13,233,000.



Jerry W. Watkins, General Counsel-Secretary



H. Y. Rowe, General Attorney

This increase of $6,264,000 was due partly to increased crude oil production in the Persian Gulf but by far the largest segment was the result of increased foreign tax rates.

Excise taxes of $146,654,000 were collected from the Company's customers and paid to governmental agencies. This is an increase of $13,916,000 over 1972.

Capital Expenditures

Consolidated capital expenditures were $117,985,000, compared with $128,202,000 in 1972. Additions to property, plant and equipment of $103,140,000 are detailed on page 24. Expenditures of $14,845,000, including $12,719,000 dry hole costs, were expensed. In 1972, dry hole costs were $9,561,000.

Exploration and production expenditures of $65,003,000 were incurred—$6,367,000 in inland United States, $20,199,000 in the Gulf of Mexico, $29,535,000 in Canada, $2,344,000 in South America, $1,924,000 in the North Sea, $3,866,000 in Africa and $768,000 elsewhere. Gulf of Mexico expenditures include $8,330,000 used to acquire an interest in four lease blocks in June 1973 and the Canadian expenditures include $23,500,000 for the purchase of the Bracell—Celanese properties.

Expenditures for refining facilities were $5,351,000 including an alternate fuel system and preliminary work on a sulfur recovery unit at Meraux, Louisiana; general processing improvements at Superior, Wisconsin; and additional tankage at both refineries.

Expenditures for service station, terminal, and bulk plant improvements and modernization and other marketing facilities were $4,036,000–$1,651,000 in the United States, $1,241,000 in Canada and $1,144,000 in the United Kingdom.

Completion costs for four new

B. David Richardson, Treasurer; Robert A. Carnes, Cashier

G. Thomas Baumgardner, Manager – Employee and Public Relations

drilling barges, re-outfitting a barge acquired in 1972, progress payments on three units under construction and related expenditures totaled $34,992,000.

Farm, timber and sawmill capital expenditures were $6,318,000—$459,000 for farmland; $1,413,000 for timberland; $899,000 mainly for a stud mill added at the Ola, Arkansas sawmill; $3,074,000 for a new sawmill at Waldo, Arkansas; and $473,000 for farming and other equipment.

Capital Employed

Working capital at year-end was $98,989,000, an increase of $31,565,000 during the year. Long-term notes payable, excluding current maturities of $22,467,000, were $145,040,000, an increase of $16,331,000. New borrowings increased long-term debt $13,373,000 in Murphy Oil Company Ltd., $9,432,000 in ODECO and $2,687,000 in Deltic. Elsewhere, long-term debt was reduced $9,161,000. Outstanding convertible debentures were $21,691,000, a decrease of $3,157,000, representing the principal amount of debentures converted into 63,102 shares of Common Stock in 1973.

Stockholders' equity increased $52,672,000 during 1973 and was $240,196,000 at year-end. During the year, cash dividends of $145,000 were paid on the Preferred Stock and $3,660,000 was paid on the Common Stock. At January 1, 1973, there were 9,010 shares of treasury stock costing $177,000 on hand. During the year, 15,000 shares were purchased, 11,333 shares were used in a property acquisition and 12,625 shares were issued in connection with the exercise of employees' stock options. At December 31, 1973, treasury stock was 52 shares costing $3,000.

Charles E. Niederer, Manager – Insurance

Statement of Accounting Policies

James R. Jones, Controller; George E. Breazeal, Assistant Controller

Principles of Consolidation—The consolidated financial statements include the accounts of Murphy Oil Corporation and its significant majority-owned subsidiaries except for an offshore insurance company. Investments in the offshore insurance company and less than majority-owned companies in which Murphy has a voting stock interest of 20 percent or more, if significant, are accounted for by the equity method and are stated at equity in underlying net assets. Other investments are stated at cost.

The Company provides a reserve for losses from currency realignments and political risks inherent in foreign operations by charges against income.

Foreign currencies are translated into U. S. dollars as follows: property, plant and equipment, deferred charges and credits, investments and long-term debt at historical rates; other assets and liabilities at year-end rates; and revenues and expenses at average rates during each year except for depreciation, depletion and amortization which are based on the historical cost of the related assets. Gains and losses resulting from currency realignments are charged or credited to the reserve for foreign operations except that a subsidiary capitalizes those amounts related to debt incurred for drilling barge construction and charges or credits all other amounts to income. All translation gains and losses due to normal fluctuations in exchange rates are reflected in income. On unperformed forward exchange contracts, losses are provided for currently but gains are recognized only when realized.

Goodwill arising from acquisitions is amortized over five to 10 years.

Inventories—Inventories of finished products are stated at the lower of cost (applied on a first-in, first-out basis) or market. Raw materials are valued at average cost. Inventories of crude oil in the United States and Canada are stated at market prices. Crude oil inventories located in overseas areas are stated at the lower of average cost or estimated realizable value. Materials and supplies are valued at the lower of average cost or estimated value.

Exploration and Development—Costs of acquiring undeveloped leases including geological and geophysical expenditures which result in the acquisition or retention of undeveloped leaseholds are capitalized. If production is obtained, appropriate leasehold costs are transferred to producing oil and gas properties. The cost of that portion of undeveloped leaseholds estimated at the time of acquisition to be nonproductive is

amortized over the estimated holding period of the leases. Intangible development costs on productive wells are capitalized for financial reporting purposes, but for Federal income tax purposes all such costs are taken as deductions. Dry hole costs, lease rentals and other exploration expenses are charged against earnings as incurred.

Depreciation and Depletion— Depreciation and depletion of producing oil and gas properties are computed on the unit-of-production method based on estimated recoverable oil and gas reserves for each separate property except for properties located in the Gulf of Mexico. Gulf properties are combined and treated as one property by each company owning such leaseholds. Depletion of timber is based on board feet cut as related to total standing board feet. Depreciation of refining and marketing facilities, drilling barges and related equipment, and other properties is calculated on the composite straight-line method.

Asset Retirements—Disposals or retirements which are extraordinary in nature and amount or which include an entire depreciable or depletable property unit are accounted for by charging or crediting income with the residual cost, adjusted for salvage or other proceeds. Upon disposal or retirement of less than an entire depreciable or depletable unit, the cost of the properties less salvage or other proceeds is charged or credited to accumulated depreciation and depletion.

Maintenance and Repairs— Provisions are made for refinery turnarounds and major repairs to drilling barges by charges against current income. Other maintenance and repair costs are charged against earnings as incurred. Renewals and betterments are capitalized.

Interest and Debt Expense— Interest on funds borrowed specifically for major construction projects is capitalized during construction. Debt expense is deferred and amortized on a straight-line basis over the term of the related debt.

Income Taxes—Provision is made in the accounts to reflect the interperiod allocation of income taxes resulting from certain income and expenses which affect financial and taxable income in different years. Principal allocation items are accelerated depreciation, amortization of nonproducing leases, provision for major drilling barge repairs and refinery turnarounds and equity in the undistributed but not permanently reinvested earnings of foreign subsidiaries. The flow-through method is used to account for investment tax credit.

Employee Retirement Plans— The Company and its subsidiaries have trusteed retirement plans covering substantially all of their employees. Prior service cost is amortized over varying periods up to 20 years and is funded over 30 years by the Company and as it accrues by subsidiaries. Gains or losses resulting from changes in actuarial assumptions are spread over 10 years.

Excise Taxes—Taxes collected on the sale of products and remitted to governmental agencies are not included in revenues or costs and deductions.

Earnings Per Share—Net income per Common and Common equivalent share is computed by dividing the weighted average number of Common and Common equivalent shares outstanding during each year into net income applicable to such shares. Common share equivalents include the Company's exercisable options. The number of equivalent shares is determined by the treasury stock method.

Fully diluted earnings per Common share are computed assuming that the Convertible Debentures issued by a subsidiary and Preference Stock of the Company were converted into Common Stock. Adjustments are made for Preference dividends, interest and income tax expense.

PROPERTY, PLANT AND EQUIPMENT

	1973 Additions	Investment December 31, 1973	Investment December 31, 1972
Production and exploration	$ 50,158	259,341	212,711
Refining	5,351	68,378	63,241
Marketing	4,036	67,596	67,250
Drilling barges and equipment	34,992	184,208	158,402
Transportation	252	9,131	9,013
Farms, timber and sawmills	6,318	19,453	13,189
Other	2,033	8,526	6,915
	$103,140	616,633	530,721
Accumulated depreciation, depletion and amortization		212,526	178,706
		$404,107	352,015

MURPHY
OIL CORPORATION
and Consolidated Subsidiaries

Statement of Income

Years Ended December 31, 1973 and 1972

	1973	1972
REVENUES		
Sales	$428,244,000	324,752,000
Drilling and other operating revenues	70,879,000	52,840,000
Interest and other income	11,884,000	9,317,000
Total revenues	511,007,000	386,909,000
COSTS AND DEDUCTIONS		
Crude oil, products and related operating expenses	287,537,000	247,529,000
Drilling barge and other operating expenses	24,496,000	18,666,000
Exploration expenses	26,342,000	17,637,000
Selling and general expenses	23,600,000	24,475,000
Depreciation and depletion	31,533,000	25,762,000
Provision for foreign losses	4,833,000	600,000
Taxes other than income taxes	5,700,000	5,316,000
Interest expense	13,997,000	10,764,000
Federal and state income taxes	15,615,000	1,778,000
Foreign income taxes	19,497,000	13,233,000
Minority interests' income	9,379,000	6,843,000
Total costs and deductions	462,529,000	372,603,000
INCOME BEFORE EXTRAORDINARY ITEMS	48,478,000	14,306,000
Extraordinary items:		
Utilization of foreign tax credit carryforward	5,060,000	—
Provision for losses on disposition of marketing outlets	—	(1,950,000)
Proceeds from claim under contract of affreightment	—	1,225,000
Gain on sale of an interest in exploration acreage less minority interests	—	697,000
NET INCOME	$ 53,538,000	14,278,000
Per Common and Common equivalent share:		
Income before extraordinary items	$8.31	2.47
Net income	9.18	2.47
Per Common share assuming full dilution:		
Income before extraordinary items	7.78	2.35
Net income	8.58	2.35

See statement of accounting policies and notes to financial statements, pages 23 and 29.

MURPHY
OIL CORPORATION
and Consolidated Subsidiaries

Balance Sheet

December 31, 1973 and 1972

	1973	1972
ASSETS		
Current assets:		
Cash	$ 8,253,000	6,536,000
Certificates and other interest-earning deposits	83,538,000	52,324,000
Marketable securities, at cost plus accrued interest which approximates market	18,856,000	10,426,000
Accounts receivable, less allowance for doubtful accounts of $1,086,000 in 1973 and $1,516,000 in 1972	78,071,000	70,080,000
Inventories:		
Crude oil and raw materials	23,567,000	14,441,000
Finished products	35,118,000	26,177,000
Materials and supplies	7,471,000	5,152,000
Total current assets	254,874,000	185,136,000
Investments, at equity	23,352,000	17,339,000
Other investments and noncurrent receivables	11,551,000	5,942,000
Property, plant and equipment, at cost less accumulated depreciation, depletion and amortization	404,107,000	352,015,000
Deferred charges and other assets	9,975,000	7,415,000
	$703,859,000	567,847,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term notes payable	$ 22,467,000	14,523,000
Notes payable	3,210,000	1,928,000
Accounts payable and accrued liabilities	103,625,000	88,706,000
Income taxes	26,583,000	12,555,000
Total current liabilities	155,885,000	117,712,000
Long-term notes payable	145,040,000	128,709,000
Convertible debentures	21,691,000	24,848,000
Exploration advances	19,788,000	4,028,000
Deferred and noncurrent income taxes	14,239,000	13,386,000
Reserves for major repairs	3,888,000	2,680,000
Deferred credits and other liabilities	10,037,000	4,140,000
Minority interests in subsidiaries	93,095,000	84,820,000
Stockholders' equity	240,196,000	187,524,000
	$703,859,000	567,847,000

See statement of accounting policies and notes to financial statements, pages 23 and 29.

MURPHY
OIL CORPORATION
and Consolidated Subsidiaries

Statement of Stockholders' Equity

Years Ended December 31, 1973 and 1972

	1973	1972
CAPITAL STOCK		
Cumulative Preferred Stock, Series A, 6¼%, par $100, authorized and issued 20,671 shares (25,713 in 1972)	$ 2,067,000	2,571,000
Common Stock, par $1.00, authorized 8,000,000 shares, issued 5,858,552 shares (5,794,700 in 1972)	5,859,000	5,795,000
Capital Stock at end of year	7,926,000	8,366,000
CAPITAL IN EXCESS OF PAR VALUE		
Balance at beginning of year	110,494,000	92,811,000
Add (deduct):		
Excess of principal amount of a subsidiary's convertible debentures over par value of the Company's Common Stock issued on conversion less unamortized debt expense	3,019,000	145,000
Credit arising from exercise of stock options	152,000	—
Excess of par value of Preference Stock over par value of Common Stock issued on conversion less cost of conversion	—	16,441,000
Increase in the Company's share of a subsidiary's capital in excess of par value on conversion of the subsidiary's Preferred Stock	—	1,100,000
Other, net	34,000	(3,000)
Capital in Excess of Par Value at end of year	113,699,000	110,494,000
RETAINED EARNINGS		
Balance at beginning of year	68,841,000	60,384,000
Add net income for the year	53,538,000	14,278,000
Deduct:		
Cash dividends—Preferred and Preference Stock	145,000	1,062,000
Common Stock—$0.63 a share ($0.60 in 1972)	3,660,000	3,213,000
Decrease in the Company's share of a subsidiary's retained earnings on conversion of the subsidiary's Preferred Stock	—	1,539,000
Cost of issuance of Preferred Stock by a subsidiary	—	7,000
Retained Earnings at end of year	118,574,000	68,841,000
Less treasury stock, 52 shares of Common Stock in 1973 and 9,010 shares in 1972, at cost	3,000	177,000
TOTAL STOCKHOLDERS' EQUITY	$240,196,000	187,524,000

See statement of accounting policies and notes to financial statements, pages 23 and 29.

MURPHY
OIL CORPORATION
and Consolidated Subsidiaries

Statement of Changes In Financial Position

Years Ended December 31, 1973 and 1972

	1973	1972
FUNDS PROVIDED		
Operations:		
Income before extraordinary items	$ 48,478,000	14,306,000
Charges to income not requiring working capital:		
Depreciation, depletion and amortization	41,294,000	30,155,000
Deferred and noncurrent income taxes	1,974,000	1,908,000
Provision for foreign losses	4,833,000	600,000
Minority interests' income	9,379,000	6,843,000
Other	4,939,000	3,386,000
Working capital provided by operations before extraordinary items	110,897,000	57,198,000
Extraordinary items, adjusted for transactions not affecting working capital	5,060,000	2,126,000
Working capital provided by operations	115,957,000	59,324,000
Issuance of long-term notes payable	45,587,000	67,448,000
Exploration advances	16,349,000	2,136,000
Issuance of Common Stock:		
Company—Conversion of Preference Stock and Debentures	3,153,000	17,023,000
Subsidiaries—Conversion of Preferred Stock and Debentures	—	15,827,000
Deferred income and reimbursement of barge construction costs	8,075,000	—
Sales of property	3,345,000	3,684,000
Other	861,000	2,052,000
Total funds provided	193,327,000	167,494,000
FUNDS APPLIED		
Additions to property, plant and equipment	103,140,000	117,351,000
Long-term notes paid and currently payable	29,256,000	16,650,000
Conversion of Debentures into the Company's Common Stock	3,157,000	152,000
Preference Stock called for redemption by the Company	—	17,155,000
Preferred Stock and Debentures called for redemption by subsidiaries	—	15,908,000
Dividends	3,805,000	4,275,000
Investments, noncurrent receivables and deferred charges	14,776,000	6,492,000
Other	7,628,000	5,487,000
Total funds applied	161,762,000	183,470,000
INCREASE (DECREASE) IN WORKING CAPITAL	$ 31,565,000	(15,976,000)
Changes in components of working capital:		
Cash and short-term investments	$ 41,361,000	(27,477,000)
Accounts receivable	7,991,000	11,842,000
Inventories	20,386,000	3,600,000
Current maturities of long-term notes payable	(7,944,000)	11,426,000
Notes payable	(1,282,000)	15,292,000
Accounts payable and accrued liabilities	(14,919,000)	(31,441,000)
Income taxes	(14,028,000)	782,000
	$ 31,565,000	(15,976,000)

See statement of accounting policies and notes to financial statements, pages 23 and 29.

Notes to Financial Statements

See pages 24 and 32 for details of property, plant and equipment and long-term notes payable, respectively.

Capital Employed and Net Income—Geographically—The approximate geographical distribution of capital employed at December 31, 1973 and of net income for 1973 and 1972 was as follows:

	Capital Employed	Net Income 1973	Net Income 1972
North America	$346,527,000	21,418,000	5,166,000
Other Western Hemisphere	14,918,000	(2,318,000)	883,000
Eastern Hemisphere	158,365,000	34,438,000	8,229,000
Total	$519,810,000	53,538,000	14,278,000

The distribution of net income is based on prevailing area market prices. Corporate overhead, Federal income taxes and interest expense have been allocated.

Employee Retirement, Thrift and Incentive Bonus Plans—Retirement plan costs were $1,100,000 in 1973 and $984,000 in 1972, including amortization of prior service cost of $317,000 and $142,000, respectively. Unfunded prior service cost was approximately $3,114,000 at December 31, 1973 and $3,255,000 a year earlier. Amendments to certain plans in 1973 and 1972 which provided increased benefits did not significantly affect net income. The actuarial value of vested benefits under all plans was $559,000 in excess of retirement fund assets plus balance sheet accruals at December 31, 1972, the date of the most recent computation.

Employees of the Company and certain subsidiaries may participate in thrift plans by contributing up to 5% of their base pay. The cost of these plans was $545,000 in 1973 and $518,000 in 1972.

Two subsidiaries have incentive bonus plans for key employees. Each plan provides for establishing a reserve not to exceed a specified percentage of the amount by which net income (as defined) exceeds 6% of capital employed in the business (as defined). Amounts credited to the reserves were $712,000 in 1973 and $593,000 in 1972. Awards may be paid only in cash under one plan and in cash or treasury stock under the other plan. The Board of Directors has recommended that the stockholders approve an incentive bonus plan for key employees of the Company at the annual meeting May 1, 1974. If approved, the plan will be effective for 1973; accordingly, $350,000 has been credited to a reserve in 1973.

Income Taxes—Income taxes for 1973 and 1972 after deducting investment tax credits of $4,232,000 and $472,000, respectively, include the following:

	Federal	Foreign	State	Total
	(Thousands of dollars)			
1973:				
Current	$ 8,110	19,138	830	28,078
Deferred	295	359	—	654
Noncurrent	(102)	—	1,422	1,320
Provision in lieu of taxes	5,060	—	—	5,060
	$13,363	19,497	2,252	35,112
1972:				
Current	$ 162	12,696	245	13,103
Deferred	911	537	—	1,448
Noncurrent	460	—	—	460
	$ 1,533	13,233	245	15,011

Timing differences and the tax effect of each were as follows:

	1973	1972
Unremitted earnings of foreign subsidiaries and other companies not permanently reinvested	$3,549,000	2,681,000
Excess of amortization of nonproducing leases over tax deductions	(2,031,000)	(1,086,000)
Excess of book over tax depreciation	(264,000)	(516,000)
Excess of provisions for major repairs, employee benefit costs and losses on asset disposals over tax deductions	(863,000)	—
Geological and geophysical expenses not deducted for tax purposes	(188,000)	(212,000)
Other, net	451,000	581,000
	$ 654,000	1,448,000

Noncurrent taxes relate to matters the settlement of which has not been resolved with the taxing authorities.

Notes to Financial Statements —Continued

The effective tax rate was 38% in 1973 and 42% in 1972. A reconciliation to the Federal tax rate of 48% follows:

	1973	1972
Federal statutory rate	48%	48%
Foreign source income not subject to Federal taxes in foreseeable future	(8)	(18)
Foreign source income subject to foreign taxes at greater than Federal rates	—	8
Investment tax credit	(5)	(1)
Operating losses with no tax benefit	—	7
Excess of statutory depletion and intangible development costs over amounts amortized for financial purposes	(2)	(5)
Other, net	5	3
Effective tax rate	38%	42%

The reduction in Federal income taxes in 1973 due to foreign tax credit carryforward has been reported as an extraordinary item. Unused foreign tax credit of approximately $7,500,000 at December 31, 1973 is available for the years 1974 through 1977 subject to carryover limitations.

No Federal income taxes were provided on permanently reinvested earnings of a domestic subsidiary and foreign subsidiaries amounting to $6,446,000 in 1973 and $4,569,000 in 1972 exclusive of those amounts which if remitted in the near future would result in little or no tax by operation of relevant statutes currently in effect. Cumulative amounts of such permanently reinvested earnings were $20,766,000 at December 31, 1973.

No tax effect was applicable to the extraordinary items in 1972.

Financing Arrangements—The Company and its subsidiaries have unused lines of credit with banks for short-term borrowings amounting to approximately $56,000,000 principally at prime interest rates. There are no significant compensating balance requirements and, except for $13,200,000 with a ½% commitment fee, the lines of credit can be withdrawn by the banks at any time. The average amount of short-term debt outstanding during 1973 was $4,289,000 with a related weighted average interest rate of 10% (12½% at year-end). The maximum amount of short-term debt outstanding at any month-end during 1973 was $7,927,000. Unused lines of credit for long-term financing were not significant. Short-term (one-seven day) deposits of $8,754,000 classified as cash in 1972 have been reclassified as certificates and other interest-earning deposits.

Exploration Advances—At December 31, 1973, the Company and certain subsidiaries had outstanding advances received under exploration agreements with transmission companies totaling $19,788,000 of which $19,034,000 is interest-free. Of the total, $2,222,000 is repayable only from oil and gas production. The companies must repay the balance over five-year periods commencing January 1, 1975 and 1978 as to $1,342,000 and $16,224,000, respectively. In the event production is not sufficient to repay such balance the Companies are obligated to repay the deficiency in cash. Repayment schedules will be accelerated if production commences or certain acreage is relinquished prior to the above dates. Additional advances may be received under certain circumstances.

Stock Options—The Company's 1969 Stock Option Plan provides for the granting of options to purchase 75,000 shares of the Company's Common Stock. Both qualified and nonqualified options are issuable to key employees of the Company and its 80%-owned subsidiaries at a price not less than the fair market value on the date of grant. The options are exercisable as to 50% of total shares three years after date of grant and as to all shares after four years. Qualified and nonqualified options expire after five and 10 years, respectively.

Changes in options outstanding under the 1969 Plan were as follows:

	Average Price	Number of Shares
Outstanding January 1 and December 31, 1972	$29.85	45,300
Exercised	26.76	(13,375)
Outstanding December 31, 1973	31.14	31,925
Exercisable December 31, 1973	$39.08	19,025

During 1973, a subsidiary adopted a stock option plan which provides for the granting of options to purchase 100,000 shares of the subsidiary's Common Stock. Both qualified and nonqualified options are issuable to key employees of the subsidiary at a price not less than the fair market value on the date of grant. The options are exercisable as to 50% of total shares three years after date of grant and as to all shares after four years. Qualified and nonqualified options expire after five and 10 years, respectively. No options were outstanding under the plan at December 31, 1973.

During 1972, options granted under a 1955 Stock Option Plan to purchase 3,600 shares of the Company's Common Stock were exercised at an average price of $18.88 a share, 95% of the market value at date of grant. The 1955 Plan was discontinued in 1965 and no options were outstanding under the Plan at December 31, 1973.

Stockholders' Equity—Certain loan agreements of the Company and the provisions of the Certificate of Incorporation relating to the Cumulative Preferred Stock, Series A, contain, among other things, covenants relating to indebtedness and payment of cash dividends. At December 31, 1973, retained earnings of approximately $61,800,000 were free from the most restrictive of such covenants.

The Cumulative Preferred Stock, Series A, is redeemable at $100 a share at decreasing premiums plus unpaid dividends. The Company must make annual sinking fund payments sufficient to redeem 5,042 shares at par plus unpaid dividends.

The 5% Convertible Debentures Due 1989 are convertible into Common Stock of the Company at $50.02 a share. At December 31, 1973, 433,646 shares of the Company's authorized and unissued Common Stock were reserved for issuance upon conversion of the Debentures and 74,250 shares were reserved for issuance under the 1969 Stock Option Plan.

On February 6, 1974, the Board of Directors voted to recommend to the stockholders at their annual meeting May 1, 1974 that the Company's authorized Common Stock be increased to 18,000,000 shares to enable the Board to declare a stock dividend of one share of Common Stock for each share then issued. On the same date, the Board of Directors called for redemption on March 22, 1974 at a price of $1,045 plus accrued interest the outstanding 5% Convertible Debentures Due 1989.

Changes in shares of capital stock issued are summarized below:

	Preferred Stock	Preference Stock	Common Stock	Treasury Stock
At January 1, 1972	30,755	171,551	5,360,948	12,610
Converted into Common Stock	—	(170,437)	430,715	—
Conversion of Debentures	—	—	3,037	—
Redeemed	(5,042)	(1,114)	—	—
Exercise of stock options	—	—	—	(3,600)
At December 31, 1972	25,713	—	5,794,700	9,010
Conversion of Debentures	—	—	63,102	—
Redeemed	(5,042)	—	—	—
Purchases	—	—	—	15,000
Exercise of stock options	—	—	750	(12,625)
Used in a property acquisition	—	—	—	(11,333)
At December 31, 1973	20,671	—	5,858,552	52

Foreign Exchange—Losses of $795,000 in 1973 and gains of $262,000 in 1972 arising from normal fluctuations in foreign exchange rates were reflected in income. Transactions with respect to the reserve for losses from foreign operations which is included in deferred credits and other liabilities are summarized below:

	1973	1972
Balance at beginning of year	$ 930,000	74,000
Add—Provision for losses on foreign properties	2,790,000	—
Provision for foreign exchange losses	2,043,000	600,000
Amount resulting from extension of due date of a note payable	—	607,000
Deduct foreign exchange losses	1,917,000	351,000
Balance at end of year	$3,846,000	930,000

The foreign exchange losses pertain to long-term notes payable. Translated at rates of exchange in effect on December 31, 1973, long-term notes payable would increase by $5,368,000. Unrealized gains on unperformed forward exchange contracts were not significant.

Commitments and Contingencies—The Company and its subsidiaries lease service stations, office space and other facilities. The leases generally contain multiple renewal options and leases on service stations provide that the lessee shall pay ad valorem taxes and certain other charges. Total rental expense, excluding delay rentals on undeveloped leaseholds, was $2,236,000 in 1973 and $4,452,000 in 1972. These amounts have been reduced by sublease rental income of $4,722,000 in 1973 and $3,541,000 in 1972.

At December 31, 1973, minimum rental commitments under all noncancelable leases are payable as follows:

	Service Stations*	Office Space	Other Facilities	Total
	(Thousands of dollars)			
1974	$ 3,674	749	856	5,279
1975	3,389	645	768	4,802
1976	3,146	623	714	4,483
1977	2,989	623	580	4,192
1978	2,910	623	492	4,025
1979-83	13,584	2,229	1,785	17,598
1984-88	8,289	302	1,065	9,656
1989-93	3,249	423	874	4,546
Thereafter	5,595	121	3,722	9,438

* Before deduction of related sublease rental income. Future income from continued renewals of such subleases is expected to reduce substantially the minimum rental commitments.

Noncapitalized financing leases (as defined by the Securities and Exchange Commission) are not significant.

Commitments for capital expenditures were approximately $51,000,000 at December 31, 1973. Contingent liabilities under guaranty and pipeline throughput agreements were $6,232,000.

MURPHY
OIL CORPORATION
and Consolidated Subsidiaries

Long-Term Notes Payable

December 31, 1973 and 1972

	1973	1972
MURPHY OIL CORPORATION		
6¼% due 1974 to 1983	$ 24,000,000	26,400,000
8¼% due 1974 to 1986	25,000,000	25,000,000
7¼% due 1973	—	2,654,000†
Payable to foreign bank, 6⅞%* due 1974	—	3,602,000†
Other due 1974 to 1983	3,133,000	3,939,000
Total Murphy Oil Corporation	52,133,000	61,595,000
SUBSIDIARIES		
Payable to banks, 6% due 1974 to 1980	19,017,000	17,352,000
Payable to banks, 10.9%* due 1974 to 1980	18,955,000	—
Payable to foreign banks:		
10%* and 10¼%* due 1974 to 1980	18,709,000†	—
8% due 1980	15,000,000	15,000,000
7¾% and 6¼% due 1976 and 1977	17,666,000†	17,666,000†
Mortgage note, 5½% due 1974 to 1979	4,692,000†	5,495,000†
11.5%* due 1974	3,920,000	3,920,000
5½% and 6½% due 1973 to 1975	—	3,918,000†
Mortgage note, 7%* due 1973	—	2,500,000
5.32% due 1974 to 1976	4,200,000	5,600,000
Mortgage notes, 5½% due 1974 to 1983	3,616,000	4,019,000
Mortgage notes, 5% to 8¼% due 1974 to 1993	5,776,000	3,937,000
Other due 1974 to 1979	3,823,000	2,230,000
Total Subsidiaries	115,374,000	81,637,000
Less current maturities	22,467,000	14,523,000
CONSOLIDATED LONG-TERM NOTES PAYABLE	$145,040,000	128,709,000

Assets with a depreciated cost of approximately $60,000,000 were pledged to secure certain notes payable at December 31, 1973. Amounts becoming due for the four years after 1974 are: 1975, $18,605,000; 1976, $26,556,000; 1977, $23,546,000; and 1978, $14,719,000.

*Interest rate fluctuates. †Payable in foreign currency.

Accountants' Report

THE BOARD OF DIRECTORS AND STOCKHOLDERS
MURPHY OIL CORPORATION:

We have examined the balance sheet of Murphy Oil Corporation and Consolidated Subsidiaries as of December 31, 1973 and 1972 and the related statements of income and stockholders' equity and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of Murphy Oil Corporation and Consolidated Subsidiaries at December 31, 1973 and 1972 and the results of their operations and the changes in their stockholders' equity and financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

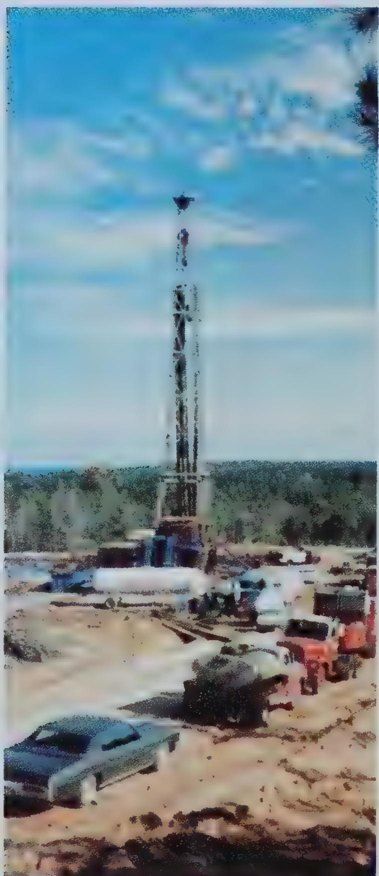
PEAT, MARWICK, MITCHELL & CO.

Shreveport, Louisiana
March 6, 1974

MURPHY OIL CORPORATION
and Consolidated Subsidiaries

Ten-Year Summary

(Shares and dollars in thousands, except per-share amounts)



	1973	1972
FINANCIAL		
Sales and other revenues:		
Oil, gas and refined products	$419,433	316,916
Drilling revenue	67,550	50,783
Agricultural, timber and lumber	8,811	7,836
Other income	15,213	11,374
Total revenues	511,007	386,909
Income before extraordinary items	48,478	14,306
Per Common and Common equivalent share	8.31	2.47
Net income	53,538	14,278
Per Common and Common equivalent share	9.18	2.47
Capital expenditures—Production and exploration	65,003	46,277
Refining	5,351	18,758
Marketing	4,036	7,842
Drilling barges and equipment	34,992	49,813
Farms, timber and sawmills	6,318	974
Other	2,285	4,538
Total capital expenditures	117,985	128,202
Working capital provided by operations	115,957	59,324
Total assets	703,859	567,847
Working capital	98,989	67,424
Long-term debt	186,519	157,585
Stockholders' equity	240,196	187,524
Cash dividends—Preferred and Preference	145	1,062
Common	3,660	3,213
Shares of Common Stock outstanding at year-end	5,859	5,786
Common stockholders at year-end	4,548	4,833
Employees at year-end	2,989	2,992
Salaries, wages and benefits	$ 36,924	35,874
PRODUCTION AND EXPLORATION (net)		
Crude oil and gas liquids production—barrels a day	52,085	49,475
Natural gas produced—MCF a day	70,938	66,159
Wells completed—Oil wells	39	31
Gas wells	7	5
Dry holes	32	24
Oil and gas wells owned	993	800
Undeveloped acreage (thousands)	16,167	9,292
REFINING		
Refinery inputs—barrels a day—Company refineries	93,561	72,281
Other refineries	55,425	53,119
Refinery capacity—barrels a day	130,000	105,000
MARKETING		
Products sold—barrels a day—Gasoline	76,144	74,639
Distillates	48,323	44,843
Residuals	25,413	23,346
Asphalt	4,393	3,770
Total products sold	154,273	146,598
Branded retail outlets	1,915	2,180
CONTRACT DRILLING		
Number of drilling barges at year-end—Semisubmersibles	11	8
Jackups	5	3
Other	8	8
Drilling barge days—Available	7,095	6,307
Drilled	6,415	5,759
FARMS, TIMBER AND LUMBER		
Acres owned (thousands)—Farmland	22	21
Timberland	189	186
Lumber production capacity at year-end—MBF	89,000	36,000

1971	1970	1969	1968	1967	1966	1965	1964
273,921	233,467	215,782	182,884	171,706	158,973	142,549	130,887
42,854	35,653	28,541	27,418	24,161	19,557	15,956	12,404
3,613	1,943	2,027	1,518	1,619	1,330	1,203	1,189
8,196	6,501	5,646	2,731	1,701	2,372	1,275	904
328,584	277,564	251,996	214,551	199,187	182,232	160,983	145,384
11,100	9,337	6,228	7,020	8,786	8,102	6,204	4,159
2.01	1.81	1.10	1.28	1.88	1.82	1.42	1.01
11,100	9,408	6,631	7,918	8,330	8,102	6,204	4,159
2.01	1.83	1.19	1.48	1.77	1.82	1.42	1.01
28,442	36,909	16,001	19,428	18,655	11,554	18,495	11,097
9,333	3,435	3,617	1,673	1,818	2,524	533	558
6,451	8,217	7,825	6,223	5,888	4,280	3,226	3,124
16,341	25,683	12,271	3,209	6,803	13,023	10,930	8,391
1,157	1,785	438	382	603	236	240	430
4,582	4,535	1,169	505	236	45	—	—
66,306	80,564	41,321	31,420	34,003	31,662	33,424	23,600
48,302	37,595	30,011	30,259	28,238	26,789	22,921	17,558
492,123	399,220	343,914	283,709	267,791	229,035	203,597	174,057
83,400	53,849	69,769	39,727	42,409	34,180	28,566	18,233
102,911	123,605	103,998	64,979	64,856	60,750	54,254	47,503
178,539	142,680	137,549	135,032	130,826	109,032	103,551	85,116
1,100	1,124	1,134	1,432	1,198	998	686	254
2,966	2,722	2,730	2,466	1,974	1,938	1,936	1,935
5,348	4,537	4,547	4,549	3,990	3,876	3,876	3,871
5,322	5,348	5,203	5,208	4,980	5,228	4,973	5,417
3,250	3,292	3,635	3,662	3,873	3,634	3,879	3,585
33,017	29,396	27,020	24,504	23,881	21,347	18,650	16,357
44,989	43,197	37,448	22,973	20,241	19,581	18,407	15,914
65,105	61,710	60,334	55,445	51,679	49,556	51,581	56,461
24	12	5	15	26	29	37	36
—	3	4	3	3	2	3	5
24	17	25	20	18	35	32	14
771	580	588	597	619	602	592	548
8,628	7,476	3,713	2,657	2,436	2,339	2,965	3,709
64,043	59,573	56,590	51,790	48,142	45,411	41,169	39,164
50,283	37,897	33,805	26,473	12,858	10,630	7,672	4,011
68,000	68,000	60,000	55,000	50,000	47,000	44,000	43,000
70,232	63,068	55,799	46,279	43,137	38,808	33,052	29,639
34,067	31,466	29,637	25,497	20,608	18,825	17,471	14,355
20,962	19,093	15,818	13,470	11,781	10,701	10,205	12,825
3,469	2,659	3,180	2,790	2,597	2,019	1,123	1,082
128,730	116,286	104,434	88,036	78,123	70,353	61,851	57,901
2,298	2,176	2,274	2,031	1,828	1,444	1,333	1,151
7	6	6	6	7	6	3	2
3	2	1	—	—	—	—	—
8	8	6	6	6	6	6	6
5,932	5,357	4,479	4,392	4,041	3,603	3,121	2,614
5,420	4,897	4,232	4,007	3,819	3,383	3,055	2,469
20	18	17	13	11	11	11	11
181	183	181	185	187	184	184	184
36,000	—	—	—	—	—	—	—

MURPHY OIL CORPORATION
and Consolidated Subsidiaries

BOARD OF DIRECTORS

*C. H. Murphy Jr. (1950)
Chairman of the Board

*R. J. Sweeney Jr. (1972)
President

*Charles J. Hoke (1950)
Vice President

*†William C. Nolan (1950)
El Dorado, Arkansas
Partner, Munoco Company

*†J. A. O'Connor Jr. (1955)
El Dorado, Arkansas
Partner, Crumpler, O'Connor & Wynne

Dr. John W. Deming (1950)
Alexandria, Louisiana
Physician

†Vester T. Hughes (1973)
Dallas, Texas
Partner, Jackson, Walker, Winstead, Cantwell & Miller

†F. B. Ingram (1961)
New Orleans, Louisiana
Chairman of the Board, Ingram Corporation

James R. Jones (1968)
Controller

The Rt. Rev. Christoph Keller Jr. (1950)
Little Rock, Arkansas
Bishop, Episcopal Diocese of Arkansas

†Ralph Owen (1960)
Nashville, Tennessee
Formerly Chairman of American Express Company

*Member of the Executive Committee
†Member of the Audit Committee
(Year of election to Board indicated in parentheses)

OFFICERS

C. H. Murphy Jr.
Chairman of the Board

R. J. Sweeney Jr.
President

Charles J. Hoke
Vice President

Charles E. Cowger
Vice President

John L. Solomon
Vice President

Paul C. Bilger
Vice President

Ben S. Smith Jr.
Vice President

O. Paul Doyle
Vice President

James R. Jones
Controller

B. David Richardson
Treasurer

Jerry W. Watkins
Secretary and General Counsel

Transfer Agents and Registrars

Common Stock
Transfer Agents
Chemical Bank, New York
Mercantile Trust Company, N. A., St. Louis
Registrars
Morgan Guaranty Trust Company of New York, New York
St. Louis Union Trust Company, St. Louis

Cumulative Preferred Stock, Series A
Transfer Agent and Registrar
Murphy Oil Corporation, El Dorado, Arkansas

Auditors

Peat, Marwick, Mitchell & Co., Shreveport, Louisiana

Principal Subsidiary Companies

Deltic Farm & Timber Co., Inc. (100%)
Farm and timber properties in Arkansas and Louisiana and sawmill operations

Murphy Eastern Oil Company (100%)
Coordination of the Company's activities in Europe, Africa and the Middle East

Murphy Oil Company Ltd. (77%)
Exploration for and production of crude oil and natural gas and retail and wholesale marketing of petroleum products in Canada

Murphy Oil International Finance Corporation (100%)
Financing of capital requirements of foreign operations

Murphy Oil Trading Company (100%)
Purchase, sale and transportation of crude oil and refined petroleum products

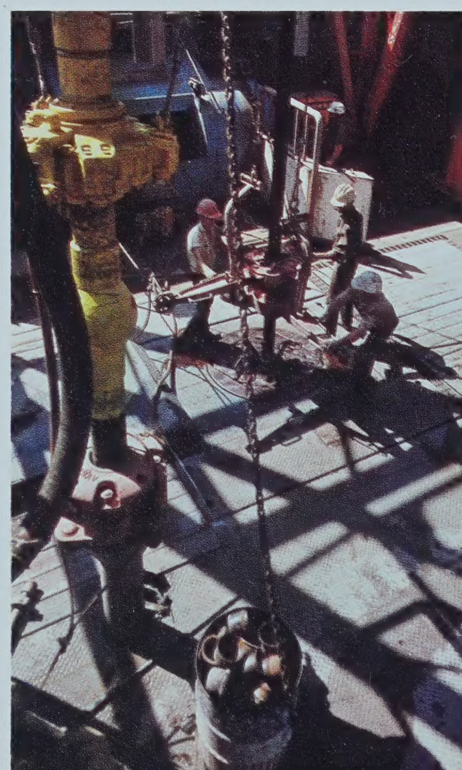
Ocean Drilling & Exploration Company (51%)
Drilling contracting and exploration on continental shelves worldwide—oil and gas production in the Gulf of Mexico

Annual Meeting

The annual meeting of the stockholders of the Company will be held May 1, 1974 at the South Arkansas Arts Center, El Dorado, Arkansas

Printed in United States of America


SPUR



MURPHY OIL CORPORATION
200 North Jefferson
El Dorado, Arkansas 71730